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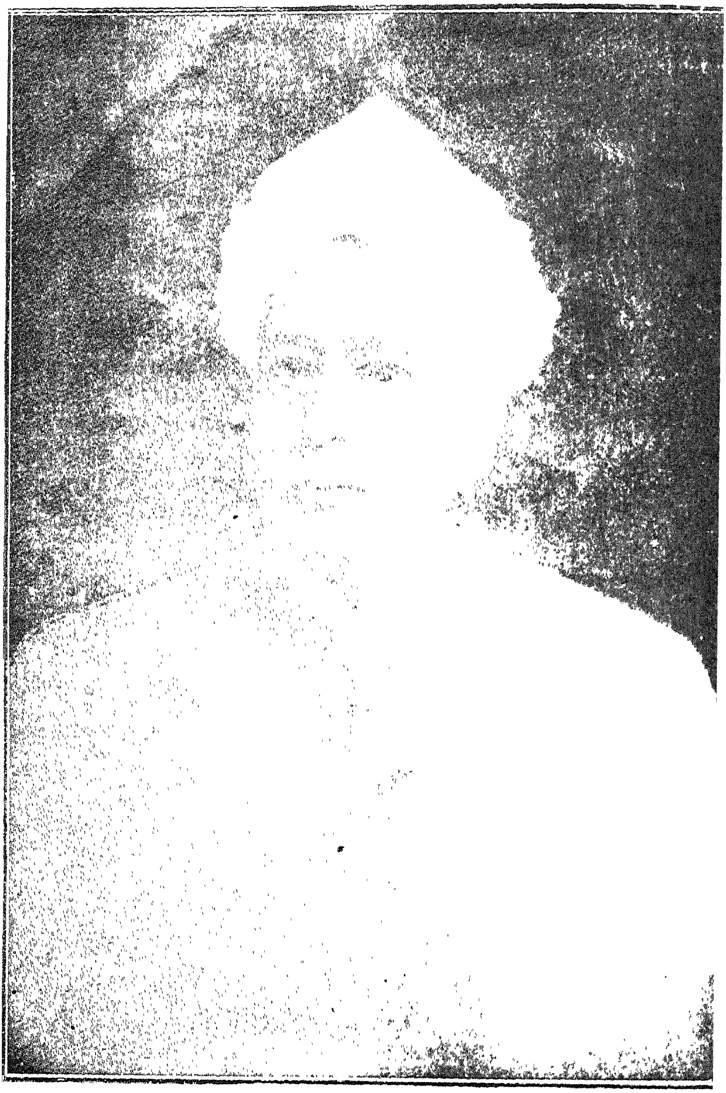

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Editorial Notes.

Congratulations.

We offer our warmest congratulations to Sir Mocherla Ramachandra Rao on the signal honour of a Knighthood having been conferred on him on the occasion of His Majesty's Birthday, in appreciation of the services rendered by him to the cause of co-operation as President of our Central Land Mortgage Bank. If land mortgage banks have taken firm root in our province and if our province is far ahead of other provinces in respect of land mortgage banks, it is largely due to the devoted labours of Sir M. Ramachandra Rao and the wise policy followed by the Central Land Mortgage Bank under his guidance. The greatest achievement of land mortgage credit in our province is the Government guarantee secured for the interest and principal of the debentures of the Central Land Mortgage Bank. The Government gave that guarantee because they appreciated the sound lines on which the business of the Bank was conducted. Sir Mocherla has to his credit more than thirty five years of public service. His work in the local legislative council in pre-diarchy days was of the highest quality. He has crowned his long public life with the building up of land mortgage credit. May he long serve the cause and enjoy the well deserved honour.

Among other co-operators of our province who were the recipients of birthday honours are Rao Saheb Umamaheswaram Pillai of the Tanjore Bar and Rao Saheb C. S. Srinivasachari, Professor of History in Annamalai University. The former has long been closely connected with the Hood Institute and the latter until recently with the Triplicane Stores. Outside our province Mr. C. M. Gandhi, President of the Surat Central Bank and an old and well-known co-operator, has been made a Diwan Bahadur. Our heartiest congratulations to them.

Rural Women Workers.

The Punjab and the United Provinces contain better-living societies of women, for organising which lady supervisors and propagandists are employed. From time to time training classes are held for these organisers and at present one is going on at Lucknow. The theoretical course is one of six months but it may extend to one or two months more. After that there will be a practical course of two months given in the societies. As these lady supervisors are intended to work for rural reconstruction through co-operative societies, they are given instruction in the elements of several subjects specially useful for women, in addition to co-operation. Those subjects are : domestic economy, domestic hygiene, child welfare and home nursing, food values, first aid, treatment of common ailments, elementary midwifery, cooking, laundry, tailoring and knitting, home gardening, music (vocal and instrumental), elementary principles of co-operation and adult education. This is a formidable list, and we do not know if any lady of average ability, 'of vernacular upper or lower middle' standard of general education, can be expected to learn enough of these subjects in about eight months to teach them to rural women or even to awaken an interest in them in these subjects. During the period of training each candidate is given a stipend of Rs. 12 and free quarters and light. After training these candidates will be employed by the United Provinces Co-operative Union and will be paid Rs. 44 a month, 'including salary, allowance, porter allowance and contingencies.' So says a press note issued by the Director of Publicity with the Government of the United Provinces.

In South India no special staff has so far been employed by any State or province to promote co-operation among women nor a

course of training thought of for women co-operators. The Travancore Committee on Co-operation which recently reported has, however, recommended that 'women inspectors and propagandists who are duly trained in co-operative work ought to be sent to rural areas to conduct propaganda and organise societies for the promotion of thrift, cottage industries, milk-supply, coir-making or twisting, husking paddy etc.' We hope this recommendation will be accepted by the Travancore Government, especially as the State is so advanced in education that qualified women workers can be had for about the same remuneration as men workers. The idea is also worth being taken up by our province both by the Department and the non-official organisations. In particular it may be tried by those rural reconstruction centres which financially are in a position to do so.

A Christian Insurance Society?

In a recent issue of the *Guardian* Mr. Satyanatham Williams of Masulipatam has advocated the organisation of a co-operative insurance society for Christians on the lines of the South India Co-operative Insurance Society. He has pointed out the advantages offered by co-operative insurance over joint-stock insurance and has also quoted the objects of the South India Insurance Society. Compared with western countries and Japan, insurance is so little prevalent in India that we are bound to welcome all efforts which will carry the benefits of insurance to new groups of people and to new areas. The only thing to be avoided is the offer of such inducements in a competitive spirit as will make the working of the institutions and schemes impossible. But one or two grounds adduced by Mr. Williams call for comment. He says, "The population of South India runs to several figures, whereas the Christian community is not appreciable, and hence the larger communities may assert their superiority in a joint organisation at the expense of the minorities. This will nullify the purpose itself."

We fail to understand how. The benefit which a policy-holder is to receive from the society will be a matter of contract between him and the society, which is not affected by his belonging to a majority or minority community. There is also the close connection of the Registrar with a co-operative society to prevent any communal injustices. If the question of community is not raised in doing business with joint-stock insurance companies, whether foreign or Indian, why should it be raised in connection with a co-operative organisation? From a business point of view the wider

the area and the more varied the occupations of policy-holders, the better for an insurance institution. Therefore it would not be advisable to start a co-operative insurance society the business of which would be confined to a small community. The worst feature of communal feeling is the suspicion that it breeds against other communities. Where this suspicion does not exist, and where community is thought of because it facilitates business, as in some forms of credit, communal societies may not be objectionable. Of better-living and housing societies it may be said that it is better to organise them on communal lines because the social element enters largely into their composition. But in other forms of co-operation, the less we think of our small communities, the better. We cannot be preaching world brotherhood and "each for all and all for each," and at the same time confining our economic life in small communal circles.

Another argument advanced by Mr. Williams is that Missionary benefactions are contracting and therefore the Christian community should fortify its position, 'wake up and grasp early the resources offered' by the Government." We should like the Christian community, and in fact every other community, to do it irrespective of the Missionary position. Supposing the Missionary position was quite satisfactory, would insurance among Christians have then become unnecessary ? Mr. Williams hopes that if a Christian co-operative insurance society is started it will invest its funds in agricultural, building, colonisation and industrial schemes which will benefit the Christian community, and also help schools and hospitals from its profits. A co-operative insurance society will have to be no less but possibly more careful than joint insurance companies in the matter of its investments. It will be a folly to allow communal considerations to influence its investments. As to schools, hospitals etc., it is well to remember that only the common good fund could be made available for them, and all the rest of the 'profit' of the society will have to go to the policy-holders only. If any Christian promoters think that on business grounds they are in a position to start and work an insurance company or co-operative society, let them do so by all means. But let it be not communal in scope or aims.

The Salem Urban Co-operative Bank.

The Salem Urban Co-operative Bank celebrated recently its silver jubilee, though it fell due some three years ago as the society

was started in 1906. In connection with that function the Hon. Mr. P. T. Rajan, Development Minister, laid the foundation stone of the new building which the society has decided to construct for its use, and Mr. C. Rajagopalachariar unveiled the portraits of Rao Saheb D. P. Chinna Krishna Chettiar, President, and Mr. N. V. Krishniah Chettiar, Secretary, who between them have made the society what it is. It is one of the biggest urban societies in the province, having a membership of more than 1,600 and a working capital of more than Rs. 10 lakhs. Until the District Co-operative Bank was started in January 1909, it also financed the rural societies of the district. One of the most noteworthy achievements of the society is that during all these years it has had to write off as bad debts only a total sum of Rs. 300. Out of its common good fund it has founded an industrial school and is conducting it jointly with the Salem Municipality. Mr. T. Adinarayana Chettiar who delivered a thoughtful commemoration address on the occasion, from which extracts are given elsewhere, rightly pointed out that it was high time that the society had a paid secretary, instead of an honorary one as hitherto. We hope this advice will soon be acted upon by the general body. We wish the society continued usefulness and prosperity.

Two Mysore Rules.

The Government of Mysore have promulgated a rule under the Co-operative Societies Regulation, laying down that the honorarium or bonus payable to the secretary of a co-operative society shall not exceed 12½ per cent of its profits after the contribution to the reserve fund is made or Rs. 250, whichever is less. Where, however, the entire profit of a society does not exceed Rs. 250, its general body may sanction, with the approval of the Registrar, a remuneration not exceeding Rs. 25, even though it may exceed 12½ per cent of the profit. The innovation made by this rule is that it fixes the maximum of the honorarium or bonus at Rs. 250. We welcome the introduction of this principle. In the absence of a maximum, the honorarium payable to the secretary becomes in big societies a very considerable sum and influences elections in a very unhealthy manner. It is true that in some societies the secretary, though honorary, gives a good deal of his time to the society and deserves more remuneration than the maximum fixed above, and the society is in a position to give it. But in such cases the better policy would be to have paid secretaries or to provide for paid assistance so that

the work thrown on the honorary secretary will not be unreasonably heavy. The maximum fixed by the Mysore Government may prove too low in the case of some big urban banks and stores, and a higher maximum may be permitted where the working capital or the turnover exceeds a certain amount. But the principle adopted is a sound one.

Another rule promulgated by the Mysore Government at the same time lays down that a person who has been honorary secretary of a society continuously for three years at the time of an election, shall not be re-elected its honorary secretary, whatever the bye-laws of that society may have provided, without the written permission of the Registrar or the Assistant Registrar. We should think this an unnecessary and even harmful provision. Under it, it will not be enough that an honorary secretary serves his society well, but he should also take care to propitiate the Registrar and more often the Assistant Registrar. We do not know to what extent the evil which this rule is intended to remedy prevails. But after the promulgation of the other rule which limits the honorarium, the need for this rule, if any existed at all, should be little. This rule is an irritating inroad upon the rights of the general body of a society and as a remedy will prove more harmful than the disease.

"Co-operative Reconstruction Society."

The (North) Kanara District Institute, in an address which it recently presented to the Hon. Mr. Kambli, Minister in charge of co-operation and agriculture, Bombay, on his visit to Kumta, informed him that the Institute was organising training classes for secretaries and committee members, that most of the secretaries of rural societies in the district had gone through its training course and passed the test, and that its magic lantern section was so well equipped that any propagandist institute might envy. It went on further to say:

> "The Institute has been devoting special attention to village uplift, and has taken up Kallabbe, an interior village in the Kumta Taluk as an experiment since the last five years. The goal before us is the creation of a model village on the principle of "Better production, better business and better living." Improvement of communications by the construction of a road $2\frac{1}{4}$ miles in length, feeder foot-paths, repairs to tanks and nalas to improve water-supply for irrigation, protection of

> crops from cattle and wild animals by erecting walls round the hamlets and *by the appointment of shikari*, improvement in agriculture, co-operative sale and purchase, reduction of expenses on ceremonials, settlement of disputes by arbitration, consolidation of holdings and sanitation are some of the directions in which the work has been done and is in progress. All this has been achieved without any outside help. We are maintaining the history sheets of 50 families in the villages to study their economic conditions at close quarters. Programme of work for individual families has been prepared. After working for nearly four years, the scheme has now been registered as a Co-operative Society under the name of the Co-operative Reconstruction Society, and we are proud to say that this is the first of its kind in the Presidency."

The programme of the Society described above is very interesting. The appointment of a *shikari* and the erection of walls around the hamlet for protection against wild animals show how peculiar local needs sometimes are. The work and spirit of the Institute deserve high praise, and should be emulated by co.operators of other districts. The Institute appealed to the Minister for financial aid, as it has had to hold in abeyance the post of its propagandist officer on account of the fall in the profits of societies due to the depression. We trust that the help asked for by this very deserving institution will be readily granted by the Government of Bombay.

The Late Messrs. Venkatachariar and Srinivasa Rao.

It is our sad duty to record this month the passing away of two veteran co-operators, Rao Bahadur M. K. Venkatachariar and Rao Saheb T. Srinivasa Rao, who, after rendering distinguished service to the cause of co-operation through the Department in Madras, joined the ranks of non-official co-operators and continued to give of their best to the movement. Rao Bahadur Venkatachariar was born in 1871, graduated in 1889 and entered Government service as a clerk in 1890. He rose by successive steps to be Deputy Collector in 1911 and was lent to the Pudukottah Durbar from 1913 to 1917, when he reverted to British service as Assistant Registrar of Co-operative Societies. In that capacity he served in the Cuddalore and Madras-Chingleput sections, till he was appointed Joint Registrar in April 1926. In South Arcot he organised societies for the marketing of ground-nuts and for manufacture of bone manure. The title of Rao Saheb was conferred in him in June 1921 and of Rao

Bahadur in January 1925. After retiring from Government service in August 1926 he was elected President of the Chingleput District Co-operative Bank for two terms of three years each. He also took an active interest in the management in the co-operative society and co-operative union of Mukundagiri, his native village. He was a member ot the Board of Management of the Provincial Co-operative Union from 1928 to 1930 and an Honorary member thereafter. He was a man of ideas and great enthusiasm.

Rao Saheb T. Srinivasa Rao was born in November 1868, joined the Revenue Department as a clerk in 1887 and rose to be a Deputy Collector in 1908. He joined the Co-operative Department in 1914 and worked in that capacity in the Vellore, Anantapur and Chittoor sections till he retired in November 1923. He was Vice-President of the Provincial Co-operative Bank from 1926 to 1932. He took a special interest in the rectification of societies and visited several districts with a view to instruct local co-operators in that work. He was Joint Secretary of the Madras Provincial Co-operative Union from 1926 to 1928 and in that capacity gave evidence before the Townsend Committee on Co-operation. The memorandum which he submitted to that Committee was an exhaustive and instructive document. The Provincial Co-operative Union has placed on record its appreciation of the valuable services of these departed servants of the public. We offer our condolences to the bereaved families.

Co-operation in Mysore

BY MR. V. VENKATASUBBAIYA, B.A.

The report of the Registrar of Co-operative Societies in Mysore for 1933-34 is of more than usual interest, as it contains, in addition to the record of progress made by the movement during the year, a review of what has been achieved since co-operative societies were first started in the State some 28 years ago, and as it is also illustrated by a series of clever charts. As elsewhere in India, the policy pursued by the Department during the year under report was one of consolidation rather than of expansion; and the societies, especially the agricultural credit societies, had to bear the full consequences of the prevailing depression.

Compared with the previous year the number of societies, membership and working capital stood as follows:

		1932-33.	1933-34.
Societies	...	2,180	2,088
Membership	...	1,44,481	1,46,557
Working Capital	...	Rs. 223·0 lakhs.	Rs. 217·6 lakhs.

The decrease in the number of societies was due to the registration of as many as 107 societies being cancelled and 3 societies being amalgamated with others, while on the other hand only 18 new societies were registered. The fall in the working capital, which is gross and includes duplications, was due chiefly to a contraction in loans from central banks and Government, and in deposits. The increase in membership is a pleasing feature of Mysore, as the trend in the country as a whole during the last four or five years has been for it to fall in proportion to the fall in the number of societies.

The number of members of primary societies in Mysore per 1,000 inhabitants during 1932-33 was 21·4, according to the *Statistical Statements Relating to the Co-operative Movement* published by the Government of India. The corresponding figures for certain British provinces and Indian States were:

Madras	...	19·2	Baroda	...	17·4
Bombay	...	26·5	Bhopal	...	24·7
Punjab	...	29·1	Travancore	...	44·6
Total British India		13·4	Total Indian States		16·9

Mysore thus occupies a fairly good place, though not equal to the foremost either among the Indian States or the British provinces,

There are 16,483 villages in the State and in 1933-34 there were 1,629 agricultural societies. Therefore roughly there was one society for every 10 villages—and not one for 100 villages as is stated in line 3, para 15 of the report, an error which even the Government have repeated in their review of the report. (See line 10, para 3 of the Review.) Says the Registrar, "Each rural society extends its operations over about five villages on a rough average. On this computation the Movement may be said to have touched only about 8,145 out of the 16,483 villages in the State." In other words, nearly half the villages in the State have been reached by the co-operative movement. But this proportion does not agree with that shown in chart IV-A where the villages touched by the movement are shown to be about one-fourth of the total villages in the State. It is not for us to say whether the chart is correctly drawn or not, but it appears to us that the average area of operations of a society is not likely to be as large as five villages. Our object, however, is only to draw the Registrar's attention to this point.

CENTRAL SOCIETIES.

There were 14 central societies in the State, of which one was the Apex Bank, one the Land Mortgage Bank, one the Bangalore Central Bank, five district central banks and six banking Unions. The district banks and the banking unions have not justified their existence. Of the banking Unions the report says that their accounts were in various stages of adjustment, and that after the adjustments were finally effected their registration would be cancelled. The working of the district banks is reported to be unsatisfactory. Judged from their transactions, it would appear that the cancellation of their registration would mean no loss to the movement in the State. The Bangalore Central Co-operative Bank is an anomaly. It has ceased to issue loans to societies. Only 12 per cent of its outstandings are due from societies, and several of them are under liquidation. Its jurisdiction also overlaps the jurisdictions of other societies. The Department has long been attempting to bring it into line with current co-operative ideas. As the present report does not contain observations regarding this Bank similar to those found in the previous report, we guess the Department is now more hopeful of success than hitherto. As it has practically ceased to be a Central Bank, we think it would be better not to classify it as a Central Bank.

The Apex Bank, which had 975 society members, was really a Central Bank, and barring the Land Mortgage Bank, would appear to be the only real Central Bank in the State. Its lendings to societies fell from Rs. 1·75 lakhs in the previous year to Rs. 1·08 lakhs in 1933-34. This, however, is not a phenomenon peculiar to Mysore. The percentage of overdues increased slightly from 87·4 in 1932-33 to 88·5. It is surprising that the percentage of overdues should be higher in the Apex Bank than in the Agricultural Credit Societies (71 0 per cent), let alone the non-agricultural credit societies, the overdues of which were less than 32 per cent. The percentage of overdues in respect of loans given to individuals by the Bangalore Central Co-operative Bank was the same as in Primary Agricultural Credit Societies, *viz.*, 71 per cent; and that in the Land Mortgage Bank about 32 per cent. These percentages are much higher than the corresponding ones in the surrounding British provinces. The causes for their being so deserve to be investigated by the Department as well as by the non-official co-operators of the State.

AGRICULTURAL SOCIETIES.

The number of agricultural societies decreased during the year from 1723 to 1629. Of them 1534 were credit societies, 27 agricultural supply societies, 49 grain banks, and the rest sale societies and miscellaneous institutions. The 27 supply societies had 767 members, but sold goods of the total value of Rs. 2,037 only, compared to Rs. 9,809 in the previous year. Besides these, 153 credit societies supplied seeds, manures and implements of the value of Rs. 6,431. The majority of the grain banks were not working satisfactorily and steps were being taken to wind them up. The transactions of the sale societies were not considerable. One of the two cardamom societies in the State was trying to find a European market for the cardamoms grown by its members, through the Trade Commissioner for Mysore in London.

Of the 1,534 credit societies, 90 were of limited and 1,444 of unlimited liability. A comparison between their working is instructive. We have taken the figures from Statement B appended to the report.

	Limited.	Unlimited.
Number of societies ...	90	1,444
Number of members ...	9,969	58,977
Number of members per society	100	40

	Rs.	Rs.
Loans made to members during the year ...	4·22 lakhs	5·57
" per member ...	42·3	9·8
Deposits held at the end of the year from members	1·03 lakhs	1·51 lakhs
" per society ...	1,148	105
Reserve Fund ...	3·38 lakhs	7·55 lakhs
" per society ...	3,751	522
Profit for the year ...	41,358	14,942
" per society ...	460	10

It is thus clear that in every respect the societies with limited liability are working better than those with unlimited liability. Possibly societies in the bigger villages are organised with limited liability, while those in the smaller villages have unlimited liability. That may explain the larger size of the former class of societies, but it does not account for the loans issued to and repayment and deposits made by members per member being also larger. It looks as though, despite all that has been written in support of unlimited liability, it is not as suitable for our country as limited liability. Whether in towns or villages, limited liability societies are found to work better. It is also far more easy to mend or end them than the other class of societies. Perhaps one way of improving a rotten unlimited liability society is to convert it into a limited liability one; for, when it is so converted new members will join it and improve it, but they will not do so as long as unlimited liability continues.

NON-AGRICULTURAL SOCIETIES.

While, compared with British Provinces and other States, Mysore is decidedly weak in respect of Central Banks, and about the average in respect of agricultural societies, it occupies a most advanced position so far as Non-Agricultural Societies are concerned. The number of members in Non-Agricultural Societies was about the same as in Agricultural Societies—about 71,000 in each case. In no province or State has the membership of the former come so near that of the latter, except Cochin, which on account of its smallness and peculiar situation is not quite suitable for comparison with the rest. Next to Mysore comes Bombay, though it possesses a much larger percentage of urban population than Mysore. In respect of working capital Mysore has gone further ahead of the other provinces and States. While the total working capital of Agricultural

Societies at the end of 1933-34 was 54·34 lakhs, that of Non-Agricultural Societies was 99·33 lakhs, or nearly twice that of the Agricultural Societies. For Bombay the corresponding figures were 423 and 568 lakhs respectively. Nowhere else has the reserve fund of non-agricultural societies exceeded that of agricultural societies. So that, unlike elsewhere, in Mysore it is non-agricultural co-operation which is dominant. In respect of consumers' societies or stores, Mysore comes next only to Madras both in number and transactions. In 1932-33, the sales in Mysore amounted to Rs. 13·62 lakhs, while in Madras they amounted to Rs. 19·07 lakhs. But the latter has seven times the population of Mysore, so that really Mysore is far ahead of even Madras. The store society at Bhadravati is not only conducting its sales very satisfactorily but is also running a mess for the benefit of its members. The store societies of Mysore differ from those of Madras in two important respects: goods are sold on credit, and prices are fixed with reference to cost price and not according to market prices. In both these respects the Mysore societies have departed from the principles of the Rochdale Pioneers. The Mysore store societies have been in existence for quite a long time and apparently they have not suffered on account of this departure. Nevertheless, it is worth investigating what proportion of their assets in the shape of dues from members is really bad debts, and what the position of the societies would be if the bad debts were written off. Such an investigation would be of great interest to all co-operators in this country.

The concluding part of the report contains some spirited paragraphs which are intended to brace up the co-operator who is depressed with the feeling that the co-operative movement is a failure in India. In successive paragraphs attention is called, so far as Mysore is concerned, to the capital owned by the movement, the amount drawn from well-to-do city-dwellers for the use of the poor, the amount saved for borrowers by way of interest, the accumulation of the reserve fund, the employment created, the bringing down of the general rate of interest, the training in management of institutions etc. It warms one's heart to read these paragraphs. We think however, that the claim made in respect of owned capital requires some modification. It is stated to be about Rs. 120 lakhs. (How it is arrived at is not clear.)

> "This represents wholly the savings of poor men. But for the creation and preservation of this huge fund of thrift by the

teachings of the movement, its incitements, exhortations, and even compulsion, I would ask where all this money would have been? The movement in collecting these little drops from persons the majority of whom know 'but a meal a day' has not only saved so much money to them which otherwise would have been spent and wasted away &c.".

It is a well known fact that most of this owned capital is found in urban societies, chiefly in Bangalore and Mysore, the members of which belong to the educated middle class and do not answer to the description quoted above. Moreover, from the owned capital should be deducted the amount of loans taken by members against their share capital and deposits, as until those loans are cleared they do not become real savings. Whether the poor agriculturist and the artizan in the State have much benefited by the movement or not, there is no doubt that the educated middle class men have. But more could be done to inculcate thrift among them. And steps should be taken to see that a person does not borrow from more than one society except against his deposits.

There are no supervising unions or other non-official agencies for supervision in the State, which is a cause of the weakness of agricultural societies. Propaganda is confined to the calling of the annual co-operative conference at Mysore and the conduct of a vernacular monthly by the Propagandist Institute. A refresher course for Inspectors and a training class for secretaries of village societies were held during the year. The societies and the State ought to spend much more than they are now doing on education and propaganda. There are good and enthusiastic co-operators in the urban areas of the State. It is to be hoped that the Registrar will include the means of utilising them for the benefit of village societies in the programme which he has chalked out for himself for the near future.

Co-operative Marketing in Agriculture

By P. Achyuta Menon, B.A.

II

(*Continued from previous issue.*)

As Co-operative marketing of grain is of particular interest to India, we will notice the achievements of two other countries in this direction, Germany and, the most progressive of oriental nations, Japan. Germany towards 1890 was swept over by a wave of depression which hit the corn growers hardest. Already rich in the experience of co-operative credit, thanks to the immortal Raiffeisen, the farmers readily took to combined action for adopting superior methods of marketing as in America. A number of corn societies was formed which the Government actively promoted by making loans or subsidies to them. In Prussia particularly, a large number of granaries was built from public revenues and leased to these societies. In due course Central unions of the local societies were formed for joint sale of grain. A large measure of success attended these societies particularly in Bavaria. In Japan, the rice granary societies were of the earliest type of Co-operative Societies. These societies receive the farmers' produce, grade it into classes according to quality and issue warrant certificates for it. The stored goods are insured against various risks, and sometimes advances are made on goods so stored. Eventually it is disposed of at the best price obtainable. Two methods are in vogue in the actual working. In one case, the society acts simply as a commission agent for the members, and in the other, the society buys the produce outright and markets it at its own risk. Most societies adopt the first method as being more safe and less risky. The profits, after deductions for reserve fund etc., are returned to members on patronage basis.

These achievements of co-operative marketing in the more advanced countries of the world have their lessons for India. They show that as India is essentially an agricultural country with immense resources, she can also profit by the experience of these countries by taking the necessary steps for bringing into existence the types that are particularly suitable to Indian conditions and working them up in a true co-operative spirit, the most fundamental quality that is required for ensuring success, sure and lasting. Historically, India took to the organisation of co-operative credit first. But it did not take many years for those responsible for

fostering the movement to realise that mere co-operative credit, however successfully it may be organised, cannot solve all the numerous problems that beset the path of the agriculturist in India. Organisation for purposes of marketing was recognised to be equally important; and attempts have been made in the Provinces, no doubt with success in some cases, to tackle this aspect of the problem. But there seems to be no organised movement as yet for promoting co-operative marketing in the various Provinces.

The reasons for this are not far to seek. In the first place, it must be remembered that co-operation in India was introduced by the Government as a remedy for certain evils from which the agriculturists had been suffering for decades, unlike in most Western countries where it was a spontaneous growth. The problem of rural indebtedness which crushed the agricultural population was the main evil which the Government sought to remedy through co-operation. This problem by itself was of such enormous magnitude as to demand the full attention of those concerned with the promotion of the movement. It was also recognised that as a credit society is the most elementary form of co-operative organisation, the foundation should be well laid on a sound credit system before more ambitious schemes were undertaken. The general factors which had caused the stagnation of the agricultural classes also militated against the feasibility of schemes intended to develop the business of farming and marketing on more modern lines. For these among other reasons the development of the co-operative movement in India has been dominated by a strong bias towards co-operative credit, and it must continue to be so, until a sound rural credit system has been firmly established covering the whole field of village life.

A co-operative credit society seeks to raise funds for the purpose of providing credit to its members. Credit may be granted either for productive purposes such as for purchase of cattle, seeds, manures, implements etc., or for non-productive purposes such as for clearance of prior debts, for domestic ceremonies, etc. In India the peculiar circumstances in which the agriculturists are placed make the grant of unproductive loans by co-operative societies unavoidable. But it is taken as a general principle that this class of loans should be reduced if it cannot be abolished altogether, and loans granted more and more for genuine productive purposes. It has already been said that credit plays an important part in production; and, the efficiency of agricultural

production depends to a considerable extent on the organisation on a systematic basis of a sound machinery of rural finance. This the co-operative credit movement attempts to do. But if the agriculturists are to derive the benefits of combined action in full, it is not enough if they get cheap credit alone. It is necessary to enable them to buy their requirements jointly and sell their produce also jointly. This postulates the development of other lines of work co-operatively than the mere provision of credit.

The constitution of rural credit societies in India is so elastic as to admit of these activities being undertaken by them in addition to their normal function of financing production. Joint purchase of members' requirements and joint sale of their produce may be undertaken by these societies without infringing their rules. This work has in fact been undertaken by many societies, at any rate in the Madras Presidency, with beneficial results. A higher form of organisation for promoting co-operative marketing is the sale society consisting of a number of rural societies and individual agriculturists as members. The plan of work is generally as follows:— The rural society grants loans to members not only for the purchase of farm requirements, but also for payment of rent and revenue, for meeting those necessities of the agriculturists while their produce is ripening in the field and, after harvest, while their produce is awaiting sale for a reasonable price, which cannot of course be had at harvest time. The sale society does not grant loans for production, (although in Bombay this is done) but makes advances on the pledge of produce actually delivered by its members or members of affiliated societies and stored in its godowns. Where sale societies can be conveniently formed with prospects of success, it is all a question of proper division of functions between the rural society and the sale society. The rural society finances production and the sale society finances marketing and eventually arranges for the sale of produce. The same machinery can be and is to a certain extent utilised for joint purchase of members' requirements whether for productive purposes or for domestic consumption.

Co-operative sale societies have been successful to some extent in Bombay, Bengal and Madras. The most important commodities handled are cotton and jaggery in Bombay, jute and paddy in Bengal and cotton and ground-nut in Madras. But there is none of the big success that has attended similar ventures elsewhere, particularly in America. In a progressive country like

America where things are done on a large scale whether it is in industry or in agriculture, the existence of certain general favourable factors has largely contributed to the striking success of co-operative marketing of grain. These are: large scale production by farmers, resulting in large quantities of produce being available for export to known markets, and the high level of education and business and technical intelligence of the farmers which enables them to press into service every advantage which modern scientific advance provides and which skilled organised action at every stage of production and marketing can confer. In our country the dignity of agriculture as a calling is not so well recognised as it ought to be, with the result that the educated youth of the villages instead of sticking on to the profession of their ancestors and utilising their knowledge for the improvement of their agriculture, cherish ambitions for other walks of life and run away from the villages and are lost to them for ever. But in America and other advanced countries agriculture is given its due prominence in the scheme of things, and there seems to be no sentimental antipathy to an agricultural life on the part of educated sons of farmers in those countries.

The main factors that have checked the development of Co-operative sale societies in India are usually stated to be the following: (1) difficulty of creating bulk and grading according to quality owing to the fact that cultivation by individual ryots is on a small scale and large varieties of produce are grown; (2) absence of well regulated markets; (3) inadequacy of laws against adulteration; (4) existence of innumerable standards of weights and measures; (5) inadequacy of means of communication from villages to marketing centres; (6) heavy indebtedness of the ryots which make it impossible for them to act as free agents; (7) the general ignorance, illiteracy and conservatism of the ryots which make progressive development very difficult. The problem of developing co-operative marketing in India seems to be mostly one of overcoming the above unfavourable factors and creating a proper atmosphere of intellectual enlightenment and economic freedom of action which will render new forms and new methods easy of acceptance by the mass of agriculturists.

The importance of education in this connection needs no emphasis. It is not perhaps so much of a technical education of the villagers that is required as a general education that is calculated to improve the mind. Denmark is an example. There are in Denmark

what are known as Rural High Schools where the peasants and farmers, both men and women, between the ages of 18 and 30 receive education. The education has little to do with the science and technic of agriculture, the object being to give a general awakening to the mind by teaching history, literature, language and the songs and proverbs of the people, and strengthen character by the infusion of a strong religious spirit. This system of education has helped to stimulate the natural intelligence and resourcefulness of the Danish farmer, with the result that he is well versed in all aspects of his profession in the scientific side of agriculture, in the business side of farming, and in all important questions of the day. Denmark nearly 50 years ago was mainly a grain growing country, and when the Prussian war swallowed up two of her richest provinces, and further calamities followed in the shape of German tariffs and American competition and a severe agricultural depression, Danish farmers were in the throes of despair. But it is the crowning glory of their system of education that, coupled with co-operative organisation, it has in the course of less than 50 years transformed the whole life and outlook of the farmers and made the country a model of efficiency in agricultural farming, production and marketing.

In India there is a good lot to be gained by the dissemination of a proper kind of education among the masses. Education should not be regarded as a luxury to be purchased by the more well-to-do classes at a high price. As a great English Co-operator put it, "education is desirable for all mankind, it is the life's necessity for co-operators." It is only through compulsory primary education and adult education that the cloud of ignorance still overhanging Indian villages can be dissipated, and the agriculturists put in a position to assimilate higher forms of special knowledge which are necessary for rural development and welfare. Punjab is a notable example where the compulsory education and adult education movement has made much headway under the auspices of the Co-operative Department, and there can be little doubt that the popularity of this movement has helped a good deal to make possible organised action along other lines, such as the Better Farming, Better Living, Arbitration, Thrift and Consolidation of Holdings Societies, in that Province. The Royal Commission on Agriculture in India have drawn pointed attention to this important question of education. They say that what is needed in India is a new public opinion which will break away from old custom and lead people to adopt progressive measures,

and add that it is the primary function of the Co-operative Department to effect this change by patient and continuous education within the villages. In order that the education by the Co-operative Department may be effective, it is necessary that the ground should be first broken by a comprehensive system of general mass education which will reach every one in the remotest villages. The education by the Co-operative Department is bound to be specialistic in character for, what it has to teach are the advantages that are to be gained by organised action for business purposes and by the adoption of improved methods of production and marketing according to co-operative ideals. The soil should be turned by general primary education, manured by Co-operative education, and thus made ready to assimilate the special technical education which is in the keeping of the technical experts, Agricultural, Veterinary and others.

Outside of Co-operative sale of produce, co-operative societies for manufacture have not made much progress in India Co-operative manufacture of jaggery from sugar-cane has been attempted in Bombay. The new experiment in Co-operative manufacture of sugar started in the Kistna District has vast possibilities. In the direction of co-operative manufacture of butter progress has naturally been slow. This however, is one branch of work which has possibilities for development as there is a lot of demand for good butter and ghee in the towns. The present supply to the towns comes from a multitude of sources and is by no means of uniform quality or even of any quality at all. When agriculturists are made to realise that under certain conditions dairy farming is more profitable than Crop production, and as dairy farming comes to be systematically adopted, there is no reason why co-operative manufacture of butter should not be successful It is to be expected that the contemplated remodelling and expansion of the Imperial Institute of Dairy Farming and Animal Husbandry at Bangalore will hasten the development of dairy farming and manufacture of butter on scientific lines Other commodities which provide scope for co-operative handling are eggs, fruits of various kinds and vegetables for all of which there is a demand in the towns. The extraction of oils of various kinds from oil-seeds on a co-operative basis is another branch of work which has potentialities. The chaos and dis-organisation that exist in the trade of these commodities can be dispelled only through co-operative organisation, and the experience of other countries shows that such organisation, though a difficult and laborious process, is bound in the long run to benefit both the producers and the consumers.

It is to be expected that the potentialities of co-operative organisation in the field of agricultural production and marketing in India will be investigated on a systematic basis through the agency of the special officers whom the Imperial Council of Agricultural Research has recently appointed in persuance of the recommendations of the Royal Commission on Agriculture. The essence of the recommendations of that Commission is that the vast problem of Indian Agricultural Improvement can best be tackled by organising the mass of agriculturists on co-operative lines not merely in the elementary stages of production but also in the higher stages of industrial conversion and marketing of the products of agriculture. The Commission in their historic Report have said that if co-operation fails there will fail the best hope of Rural India. This important pronouncement is true in more senses than one and conveys a message which every one concerned with Indian Rural Development will do well always to cherish as a Biblical maxim. It is to be earnestly hoped that through the labours of the marketing officers, a new era of agricultural regeneration will be ushered in enabling the mass of Indian agriculturists to attain the bliss of Better Living through the paths of Better Farming and Better Business.

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Crop Insurance

By Diwan Bahadur Ambashanker U. Malji, Broach.

The writer has bestowed some thought over this question in connection with small holders (holders of lands below 50 acres) and had enpassant referred to it in the course of his evidence before the Bombay Provincial Banking Enquiry Committee. Briefly put the idea was to replace the 10 per cent compulsory deposits* by insurance premium and it was pointed out that the annual agricultural profit of each member would require to be individually fixed in advance, regard being had to normal conditions and after making all allowances of cost of production, excluding his maintenance. The percentage of loss to be compensated was suggested to be fixed at 33 per cent of the estimated profits. Each society in that case may have to bear 11 per cent of the loss itself and reinsure the risk against payment of fixed premiums with its financing institution who would contribute to the extent of another 11 per cent of same, the remaining 11 per cent being guaranteed by Government. "The financing institutions should either reinsure their risk some where or the same needs be annually provided from the profits and limited to the balance of such funds by way of guarantee."

In the above scheme dry cultivation of ordinary small landholders only is borne in mind. Holders of such land below 20 acres cannot live on agricultural profits and in that case the premium rate can be advantageously reduced to Rs. 5 and the rate of Rs. 10 can be similarly increased to Rs. 10 more for every 50 acres or a part thereof in excess of the maximum small acreage of 50 acres. In other words, large landholders of over 50 acres will annually pay Rs. 10 more for every 50 acres more held by them.

Adverting to irrigated area—an exceptional situation in Gujarat—the same may safely be ignored in as much as there are fewer chances of failure in such crops.

In order to successfully run the insurance business, it may again be made a condition of business terms that unless at least three annual premiums were recovered, no insurance money should be paid in case

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* In Bombay Presidency the bye-laws of rural societies provide compulsory deductions of 10 per cent as deposits from every loan to members to enable them to be thrifty and self-supporting in course of time. In some Societies this provision has been replaced in recent years by share system with unlimited liability.

of a loss and if the loss is not less than 1/3 of the normal crop of the member's entire holding during the year.

The question of insurance against the failure of crops is very important and its absence is the root cause of poverty of the agriculturists. On the security of crops depend the realisation both of Government revenue and societies' dues and repayment of bazaar and other debts of the agriculturist. With the benefit of insurance, the insecurity of the crop will be partially removed, and this arrangement must also set him up for the next year. It will to some extent strengthen the credit worthiness of the agriculturist. The oft repeated complaint of exaggerated annavarai will also give way in course of time and truth encouraged all round. In the absence of such facilities the agriculturist will be more involved.

The poor agriculturist is not ordinarily in a position to pay cash premiums. Under the compulsory deposit system, the same are deducted out of the loan advances and thus savings are secured. Ordinarily 10 per cent of loans are so deposited. As regards that 11 per cent limit in para 1 above is by no means heavy or prohibitive.

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Recent Utterances.

THE SILVER JUBILEE CELEBRATION OF THE SALEM URBAN CO-OPERATIVE SOCIETY, LTD., SALEM.

The following is the main part of the Commemoration Address delivered by Mr. T. Adinarayana Chettiar, Bar-at-law, President of the Salem District Urban Bank, Ltd., Salem.

The numerous speeches this morning and the several messages that have been pouring in, are without doubt, an eloquent testimony to the undoubted achievements of this institution in the past. In a country like ours where sustained public work is rather rare, the very fact of the prosperous existence for over a generation of this institution is in itself no mean achievement. As one responsible for the genesis of this institution and as the pilot that had to successfully steer the then fragile craft through the troubled waters of faction and indifference, I can bear personal testimony to the highly useful work this Society has done in the past several years. The hundreds of poor homes which it has set right and the thousands of humble folk to whom it has lent prompt and generous help in times of their need would hardly have been possible but for the self-sacrificing labours of those responsible for the inception of the Society.

The immense usefulness of the Urban Bank in the present day should, however, not blind us to the defects of omission and commission we have been guilty of in the past. A father is never satisfied with the achievements of his offspring. He would want them scale greater heights and touch higher points of glory and fame. This is the spirit which impels me to do my task to-day. Money lending is at best, a prosaic—some would say sordid subject. Certainly no poet has written an Odyssey on it. Every religion seems to shun money-lending; yet when we give it the gloss of mutuality, of co-operation, even money-lending ceases to be accursed and becomes exalted even as a common place landscape looks bright and beautiful in the glory of sunshine.

I have no doubt that some high ideals must have inspired the honorary workers who worked from morning till night, attending to all the elaborate details of accounting and even carried the loan and admission registers to the members' houses. I remember how a District Munsif who was once in the Directorate tried to get a large loan sanctioned to a man of straw and the then Registrar, Sir P. Rajagopalachariar, wired to me, "Coming by Passenger. Do not resign or do any such foolish thing." Such was the spirit of conscience and earnestness that inspired the non-officials and officials who shouldered the yoke in those days. If we ask the workers, who have survived till to-day, to define the

ideals that inspired them to work, they will only tell you "It is impossible." I do not think I can be more successful either where they faltered. But I may state what exactly it was that sustained us in our work. It was, firstly, the urge in us to succeed. It was a spontaneous and natural feeling as the urge that makes the seed shoot out when warmth and moisture are applied to it. The second was the desire to succeed in spite of opposition. A Darwin might give this natural force an attractive name, but I may be excused for not attempting it. But above all, it was a belief; it may in the light of later events or more experience or mature wisdom appear a mistaken belief but at that time nevertheless real, that we are working for a better state of society; that we would remove the course of indebtedness, that hangs like a millstone around the neck of our ryots and make this world of misery overflow with milk and honey—that sustained us in our task. Please do not ask us if we have realised the ideals we set before ourselves then; for if our *ideals* were so easily realisable they would then be hardly worth the name.

It is fitting that we should at this stage examine and see wherein we have failed but with the sole object of improving the quality of our work in the future, so that when the time comes to celebrate our Golden Jubilee, we would be somewhat nearer the millennium than we are to-day. In my opinion, the initial mistake we, co-operators, made was to neglect the Urban Population much too long. The Government who planted the exotic plant of co-operation in the Indian soil might have had the idea that the man behind the plough who raised the salary of the Viceroy and found the 50 crores for the maintenance of the Army, should be first redeemed. It might be also as some im-piously thought. the Government revenues would be more readily realised if the rural population were given the advantages of facile credit. But it would be more generous to suppose the Government thought, whereas every large town in South India at the time, at any rate, had its successful Nidhi or Permanent Fund, it was the village, which was neglected and was in need of co-operation. At any rate, the fact remains that rural co-operation was cultivated to the exclusion of Urban by the early promoters of the movement and it was not till the passing of the second Act, the Urban side received recognition. The few Urban Banks that were founded anterior to the Act of 1912 were those founded in spite of the neglect and if they flourished it was in spite of the inattention. This lack of attention to the Urban side and its special needs will be evident from the fact that the earliest Urban anks started as unlimited societies and even to-day the Urban Bank bylaws are more or less, the replicas of bylaws of rural societies, little adapted to Urban needs and differing only in the matter of limited liability. If Urban institutions are to realise their highest ideals and play their proper role in future, it will be necessary to suitably recast the by-laws.

The failure to appreciate the usefulness of the Urban institutions and to spread the scope of their service is also largely attributable to a decree to the non-officials, who had been content to go on the trodden path much too long. For instance, lending on gold jewels is an institution as old an Manu in this country. But even in large Urban institutions where facilities for safe-deposits exist lending on jewels was not allowed. May be some officials ruled the idea was not good; but why did not the non-officials assert themselves against it? In a recent Central Bankers' Conference when the question of lending on jewels came and it was about to be dropped almost without discussion, I arrived on the scene and pointed out the utility of lending on the pledge of jewels and gold, the resolution was then passed. I give this instance only to show that we, workers, have not as yet developed deep convictions in many matters of vital importance.

I may give another instance—loans on mortgages were at first discouraged. Mutual knowledge of each other among the members was highly prized and each member was expected to act as policeman on his neighbour, to watch the proper application of the loan amount—a copy book maxim that still adorns our rural bylaws. As the Urban Banks grew into unwieldly institutions which they are to-day, this mutual knowledge of members has become impossible, so that to day mortgage loans are the rule and the surety the exception. I once chanced to come into a general meeting of the Salem Urban Co-operative Society. It was election time. The scene reminded me of the recent Congress election for the Assembly; there was so much buzz and canvassing and no one seemed to know another. Well might an old co-operator of 30 years ago, come back to the meeting and ask, "Where is the ideal of co-operation, the mutuality." The echo alone would answer.

The failure to visualize the scope of new channels of service by the Urban institutions was another important cause for arresting the development beyond lending for "Chittah" purposes like buying provisions, trade, education, house-building, land-purchase, etc. No attempts were made to develop lending for productive purposes. I do not suggest the lendings so far made were not useful or their purposes not legitimate. I know as a matter of fact, many a borrower would have gone to sowcar and to ruin if the doors of this Urban Co-operative Society were not kept open to him these years. Yet the failure to try to examine the scope for lending loans for productive purposes cannot escape criticism. The test and usefulness of co-operation is the measure by which it leads the borrower to prosperity. Judged by this standard, it is only loans for productive purposes that can really be called co-operative. It is not possible in this world to be without borrowing and lending. Polonius' advice to his son "Neither a borrower nor a lender be" was out of date

even at the time of old Queen Bess. Now-a-days, when the whole world-transactions are based on credit, it would sound *ante-diluvian.* There is not the least harm in borrowing, so long as the object of the borrowing is to make more money therewith. If a carpenter buys some timber and makes furniture with borrowed capital or a blacksmith iron and makes ploughshares or a ryot some wool and turns it into kamblis, who can call such borrowing bad or useless? It is by the increase of such productive loans that co-operation can justify its existence. Mere mortgaging the ancestral property to provide the unconscionable dowry demanded by the F. L. bridegroom by a father-in-law who has the good fortune to usher into this world eight daughters cannot be considered co-operatively satisfactory even though a trained and cautious lawyer like Mr. Chinnaya Pillai has examined the title and a strict officer like Mr. N. V. Krishniah Chettiar has recommended the loan. What is needed at the present day to be done by a Co-operative institution is the checking of wastefulness among our lower middle classes who often live beyond their means and the need to encourage thrifty people though poor with loans for genuinely productive purposes. In a big city like Salem, with over 25,000 weavers, only a handful of the class have living contact with this premier Urban Bank. May be a loan to an individual weaver is unsafe. But loans given to groups of workers certainly ought to be otherwise and certainly there is nothing in the bylaws preventing such group loans. Further the possibilities of helping trade and building custom by lending on produce and pledge of other goods have been little realised by the Urban Banks. Lending on the pledge of produce is lucrative and admits of vast possibilities of expansion, is not open to doubt. In a place like Erode, smaller than Salem, one commercial Bank has within 6 months of its advent lent out Rs. 12 lakhs. It is not enough, therefore, for us at Salem to be content with the fact that our Urban Co-operative Society is one of the biggest in India. We should also strive to see it is one of the foremost and efficient also. No Bank could be considered to have discharged its duties efficiently, so long as it refuses the deposit of a person on the plea it is unable to invest, at the same time as there are also people within its area of operation who encouraged with loans under proper supervision will surely add to their income and also repay the loan with interest. In emphasising this need to develop the local trades and manufactures of the Urban Bank, I may mention it will be worth the while of each Urban Bank to survey the area, study the economic condition of the residents and the occupation of groups that can be helped to prosperity and efficient production under proper financial direction. If Urban Banks only undertake their work in this spirit they will have no occasion to reject any deposit, more so, the small deposit as they are now compelled to do. If you perhaps search the rubbish accumulated in your storeroom, you will find an engraving-block with the picture of the

anna coin, meant as the receipt for the deposit of an anna by poor wage-earners, whose unit of saving is only the anna, to multiply at 5 per cent C. I.

Lastly, it is necessary also, the Urban Banks should develop pure banking in a greater degree. It is high time that the complaint that Indians lack the Banking habit, is wiped out. If the large Urban Co-operative Banks function properly and command public confidence, people will not be so eager to hoard their savings in gold or to take to the risky paths of private lending. Even joint-stock enterprise will become popular which it is not to-day. It will be no impossible task, if Urban Banks strive to achieve the ideal set forth above in a measurably short period of a decade or so. But to plan and do this effectively it may be necessary to form federations or Unions of Urban Banks of specified areas to facilitate consultation in common for services such as audit, or for planning as it may be. In a time of crisis like the present, no institution is so well equipped to play the role of the deliverer to work for the economic regeneration of the people as the Urban Banks. The magnitude of the task, however, should not deter us. On the other hand, it should inspire us, rather, to greater and sustained efforts. In this connection, permit me to hope the next conference of Urban Banks will be invited to be held at Salem. It is a cause of great satisfaction to me to note, in these days when private bickerings and communal feelings are driving away tried workers from co-operative institutions, the general sense of the electorate of Salem have made available to this Bank for so long a period without interruption, the services of a tried worker like Mr. Krishniah Chettiar; but with all my personal regard for my esteemed friend, I must say, the time is coming, when big Urban institutions like this, should be in the hands of full-time trained, and expert Secretaries on decent salaries.

The question whether one large bank or number of small banks are best calculated to serve an area, is a hardy annual. I may state I am in favour of large institutions; for only such institutions can command respect in the money market. They alone can afford to pay for technical and expert services, of first class men as Secretaries. The question of the election of the Directorate by an unwieldy General Body should not huddle us into the perilous paths of bifurcations. It can and must be solved in a sensible manner. Continuity of management, can be ensured by securing the retirement of a part of the Directors each year and by going in for paid Secretaries, on a permanent footing, who will have the right to speak without voting in the Executive meetings. In big towns like Madras, or Trichy or Salem, the election of Directors at so many per ward or branch can be also devised. I do not like to enter into further details. The little I say is only to indicate the practicability of arriving at proper solutions.

Correspondence.

Applicability of the Indian Limitation Act to proceedings under section 51 of Madras Act VI of 1932.

SIR,

While appreciating the arguments of the learned arbitrator Mr. V. Satyanarayana Pantulu Garu whose judgment is published at page 451 of the previous volume of the "Madras Journal of Co-operation," one cannot but feel that law has been twisted out of shape for helping the said Mr. Pantulu in arriving at what he thought to be a just conclusion. No doubt eminent jurists have observed that 'the debtor' may either take advantage of the statute of Limitations - or he may waive his advantage, 'and in honesty he ought not to defend himself by such a plea. Another states that' a defence based on the statute of Limitations is an unjust and discreditable defence'. But as observed by an eminent writer on the subject 'as no law can be (legally) unjust, it may be admitted that from a purely judicial point of view, the plea of limitation is not and cannot be an unjust defence.' The law designs to protect these persons from claims brought forward against them at a period when it might be presumed from the lapse of time that the claims are either fictitious or that they had been satisfied or abandoned'. Honest parties who have not really abandoned their claims may sometimes suffer loss by reason of this law, but it is neverthless expedient that the general good of the community should be purchased at the expense of individual hardship. It is perhaps that occasional injustice should be permitted than to run the risk of doing greater injustice by entering into the consideration of transaction which the distance of time may perhaps render incapable of a satisfactory explanation. This individual mischief is further justified on the ground that a party who is insensible to the value of civil remedies, and who is tacitly acquiescing in the conduct of his opponent, does not assert his own claim with promptitude, as little or no right to require the aid of the state in enforcing it. '(Mitra's law of Limitation and prescription Vol. I, (If these observations are borne in mind one cannot but say that the defendant has unjustly suffered in this case.

The learned arbitrator has considered that the Indian Limitation Act is not applicable to cases tried by arbitrators. His reasoning is (i) an arbitrator trying cases under section 51 of the Madras Act VI of 1932 is not a 'Court' within the meaning of the Indian Limitation Act and (ii) the co-operative societies are partnership concerns managed by persons elected by themselves for their mutual benefit and so, claims due from members to the institution as a whole, stand on a quite different footing from claims between persons with no common interest.

It does not appear that the learned arbitrator was correct in holding that the tribunals constituted under section 51 are not 'courts'. He relies on the definition of the term 'court' in the Indian Evidence Act and says that the act excludes the arbitrators from the scope of that term. It does not appear that the framers of the Indian Evidence Act of 1872 when they defined the 'term' court had in mind the arbitrators who are referred to by Act VI of 1932 or those contemplated by Rule XIV of the rules farmed under section 43 of Act II of 1912. In fact the arbitrators un-referred to in section 3 of the Indian Evidence Act are persons to whom parties voluntarily submit their disputes for decision. Apart from that the definition of it 'court' is framed only for the purposes of the Act itself and should not be extended beyond its legitimate scope. (Woodroffe and Amir Ali Law of evidence)

Of the same opinion are the learned Judges who decided the case in 41 Madras Law Weekly 503. At page 508 their Lordships observe 'definitions are of limited scope, being framed only for the purpose of the Act in which they occur, unless specially extended. Such are the definitions of 'Court' in section 3 of the Evidence Act, and of 'Court of Justice in section 20 of the Indian Penal Code. It is for instance, an essential feature of the power of a court that it should be able to give a definite judgement upon the matter in hand. At page 510 Their Lordships say 'In England too, the question what is a court' has been answered, not by reference to any formal definitions or hard and fast system of classification, but by analysing the functions and procedure of the tribunal under scrutiny The term is restricted to such tribunals as exercise jurisdiction over persons by reason of the sanction of the law, *and not merely by reason of voluntary submission to such jurisdiction. Hence Arbitrators do not constitute a court*. At page 511 Their Lordships summarise the effect of a series of decisions and observe' If it has power to regulate legal rights by the delivery of definitive judgments and to enforce its orders by legal sanctions and if its procedure is judicial in character in such matters as the taking of evidence and the administration of the oath, then it is a 'Court' They further say that 'there is no other test applicable to an undoubted court which they fail to satisfy.

Here also it should be observed that their Lordships have in view only those arbitrators to whom parties to dispute voluntarily submit their disputes for decision. Such are the arbitrators contemplated in schedule II of the Code of Civil Procedure. In cases contemplated by section 51 of the Madras Co-operative Societies Act the consent of the parties is immaterial.

The judgment and decisions of the tribunals are final. In fact the arbitrators contemplated in section 51 of Act VI of 1932 satisfy the

requirements in the test laid down the judgment of the High Court referred to above.

In 47 Bombay 699 their Lordships had to give a finding as to whether the collector acting under the powers given him under the Land Acquisition Act is a 'Court'. Their Lordships say what constitutes a court does not appear to have been defined by any act of Legislature, but it may be presumed than an officer to be a 'court' must be competent to make a judicial decision. This test also is satisfied by the Arbitrators appointed under the Co-operative Societies Act.

The second ground on which the learned arbitrator holds that the Limitation Act is not applicable to proceedings under section 51 is that the Co-operative societies are partnership concerns managed by persons elected by themselves for their mutual benefit and so, claims due from members to the institution as a whole stand on quite a different footing from claims between persons with no common interests. It seems to me that the learned arbitrator has not considered the fact that even in partnership concerns a partner has a dual capacity. He can be a creditor to the firm of which he is a partner, and in that capacity advance monies to that firm and receive interest thereon. No doubt it may be that under section 43 of the Indian Contract Act he may have to contribute equally with the other partners for paying off the debt due to himself but it does not take a suit by him against the partnership out of the scope of the Indian Limitation Act. In A. I. R. 1921 Nagpur 45 the Court had to consider the position of a person who had advanced money to the firm of which he was a partner at the time when the advance was made. At page 46 they say "the further contention of the appellant that a partner in a firm can have a dual capacity, that of creditor of the firms as well as that of a partner in it, seems to be incontrovertible. In Govinda *vs.* Haridas (23 C. L. J. 148) on a review of a number of English authorities it has been held that in the absence of an express or implied stipulation or trade custom to the contrary, interest is payable to a partner for money paid or advanced by him to the firm beyond the amount agreed to be subscribed as capital the payment being treated not as an increase of capital but as loan. Later on it is observed, 'He is not only a promisee of the firm, but he is also one of the joint promisors to himself and under the second paragraph of section 43 of the Contract Act he can only call upon each of the other joint promisors to contribute equally to the payment to be made to himself as promisee'.

The question as to whether the principles enunciated in the Limitation Act apply to proceedings before the arbitrators contemplated in schedule II of the Code of Civil Procedure has been concluded by authority. In 56 Madras Law Journal 614 the Privy Council had to

consider the question. At page 619 their Lordships say 'The first question of law which arises is the important general one, whether the Indian Limitation Act 1908, applies to arbitration proceedings. The Board cite with approval a passage from an English case which runs as follows. A submission to arbitration does not *per se* exclude the right of either party to raise the defence of the statute of Limitations, but if it be intended to exclude such a defence an express term to that effect must be imported into the agreement of submission. In his judgment Bruce, J. said, 'There is nothing in the submission to take away the right of the Iyldesley coal company to raise any defence in relation to their liability for damages. It seems to me unreasonable the parties to a submission should be precluded from raising the defence of the Statute of limitation unless a provision to that effect be drawn up and embodied in the submission. In the same judgment at page 621 the Board cite from the judgment of Viscount Cave in L. R. (1927) A. C. 610. There His Lordship observes,' My lords, I am far from wishing to throw doubt upon the view which has been commonly held, and which was affirmed by a decision of a Divisional Court in the case of *In re* Astley and Tyldesly coal company, that an arbitrator acting under an ordinary submission to arbitration is bound to give effect to all legal defences, including a defence under the statute of limitation. A decision against that view might seriously prejudice the practice of referring disputes to arbitration. The Board later on observe 'Although the Limitation Act does not in terms apply to arbitration they think that in mercantile references of the kind in question it is an implied term of the contract that the arbitrator must decide the dispute according to the existing law of contract, and that every defence which would have been open in a court of law can be equally proponed for the arbitrator's decision unless the parties have agreed to exclude the defence.' It should be noted that even in cases where parties voluntarily submit their cases for arbitration their Lordships are of opinion that the question of limitation should be considered and decided. A case under section 51 is not submitted to the arbitrator or the Registrar by consent of both the parties. The Registrar or the Arbitrator is constituted a special tribunal by the legislature. Hence it has to be seen that the mere fact that in arbitrator under section 51 of Act VI of 1932 has to decide a certain case does not take it out of the scope of the Indian Limitation Act.

P. K. SRINIVASARAGHAVACHARYA,
Legal Advisor to the Urban Bank, Ltd., Tindivanam.
23-4-1935.

Co-operation in Legislative Council.

15-3-1935.

Limit of borrowing powers of members of primary Co-operative Societies.

894Q.—Mr. V. G. Vasudeva Pillai: Will the Hon. the Minister for Public Works be pleased to state—

(*a*) whether there is any principle observed by the Registrar of Societies in fixing the individual borrowing power of members of Primary Co-operative Societies;

(*b*' if so, what the limit prescribed is for employees' societies;

(*c*) whether there have been any instances in which the above limit has been permitted to the exceeded;

(*d*) whether any of the societies in the city applied for enhancement of maximum borrowing power;

(*e*) whether such applications were rejected by the Registrar; and

(*f*) the reasons, if any, assigned for such rejection?

A.—(*a*), (*b*) & (*c*). The maximum borrowing power of a member of a primary society depends upon the borrowing power of the society itself. The borrowing power of a society is fixed with reference to certain principles. In the case of a society with unlimited liability, it depends upon the net assets and the average needs of members and also on the capacity of the members to manage its affairs. In the case of a society with limited liability, the borrowing power is fixed with reference to its paid-up share capital and reserve fund and also on the quality of management available. The limit varies with the type of society and is generally once, twice or up to eight times the paid-up share capital and reserve fund. In the case of a society with unlimited liability, the individual maximum borrowing power is fixed with reference to the needs of an average member, provided that no individual can get an undue share of the amount borrowed. In the case of ordinary limited liability credit societies, although the average need of a member is taken into consideration the limit is fixed with reference to the paid-up share capital of the member concerned. In the case of employees' societies the limit is fixed generally as so many times to pay of the borrower. The actual limit depends upon the nature and the type and the working of the employees' society and is generally fixed at four or five times the substantive pay of each member. There are exceptional instances of six times the pay being permitted.

(*d*) Yes.

5

(*e*) & (*f*). Yes. The members of the wage-earners societies are generally inclined to borrow up to the limit and there is a tendency on their part to increase their indebtedness. Their requests have therefore been rejected as a general rule, in order to encourage thrift.

Diwan Bahadur C. S. Ratnasabhapathi Mudaliyar:—"Sir, the answer given here is:

'In the case of a society with unlimited liability, the individual maximum borrowing power is fixed with reference to the needs of an average member, provided that no individual can get an undue share of the amount borrowed'.

"May I know whether every case is decided at the time the application is received, on its own individual merits?"

The Hon. Mr. P. T. Rajan:—"Possibly, Sir."

Diwan Bahadur C. S. Ratnasabhapati Mudaliyar:—"May I know whether there is no reasonable limit fixed in the by-laws? Are there no by-laws to that effect?"

The Hon. Mr. P. T. Rajan:—"Probably, every society has its own by-laws."

Diwan Bahadur C. S. Ratanasabhapati Mudaliyar:—"May I know whether the loan limit is fixed in the by-laws themselves or at the time the application for loan is submitted to the board?"

The Hon. Mr. P. T. Rajan:—"I want notice of the question."

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Reviews.

REPORT OF THE CO-OPERATIVE ENQUIRY COMMITTEE, TRAVANCORE.

It is a happy sign of the times that all Governments including those of the Indian States are anxious to take stock of the situation existing in their areas in regard to the progress of the co-operative movement and wish to apply suitable remedies not only to prevent further deterioration, if it exists already, but also avoid stagnation. The progressive Government of Travancore appointed a Committee for this purpose under the presidency of the veteran co-operator, Mr. G.K. Devadhar, M.A., C.I.E., President of the Servants of India Society. The report issued bears ample testimony to the arduous labours of the Committee who did not spare themselves to study deeply every aspect of the question and suggest various measures, which, if given effect to, would bring about a radical change for the better in the movement. The Committee makes 295 recommendations dealing with all aspects of the movement. To students of co-operation and the workers in the field the report is a valuable document containing very useful material given in great detail.

One school of co-operators seem to be surprised that a Committee presided over by Mr. Devadhar should have recommended that official control and guidance should continue in a greater measure. But it may be said that even the worst critic of Government cannot but recognise that but for Government control and guidance even the little progress we see all round would not have been possible and if the movement has not gone worse it is due to that control and guidance. A study of the movement in different provinces reveals a state of things which must make anyone pause and consider if the movement will play at all the part it is meant to do in the economic reorganisation of the country. It has been often said that the evils noticed in the co-operative movement are largely due to lack of education. But Travancore presents a different problem altogether. It is educationally the most advanced province; but for some reason the economic progress especially in regard to the spread of the co-operative movement has not been as great as it ought to be. If the recommendations of the Devadhar Committee are given effect to, rapid strides are sure to be taken with an enlightened population to work the movement.

Travancore is faced with the problem of over-population. During the quarter of a century her population has increased enormously and land, the only means of support for a greater part of the population, can

no longer produce enough to maintain her growing population even if all improved methods of cultivation came into vogue. Starting of industries which can give employment is the need of the hour. Whether it should be of the capitalistic type or of co-operative type is the question. The Committee is unanimous in recommending that industrialisation should be organised on co-operative lines especially in the organisation of cottage industries. Here is a problem which Travancore can solve and be an example to the rest of the country. Suggestions such as the organisation of a Co-operative Industrial Bank, the reorganisation of the Central Produce Society and formation of cottage industries societies to encourage coir industry, poultry farming, bee-keeping etc., organisation of societies for fishermen, opening of sales depots for the sale of finished products of cottage industries societies, are some of the important recommendations of the Committee calculated to promote the economic interests of the subjects of the State.

. The chapter on the relief of agricultural indebtedness is packed with valuable proposals based on a deep study of the question and of the methods pursued in other places to solve this problem. The Committee suggest the formation of Land Mortgage Banks, creation of Debt Conciliation Boards and promotion of a simplified insolvency law Apart from these proposals the Committee strongly advise the Government to undertake measures to increase the productive capacity of agriculturists by introducing improved methods of cultivation as also a scheme for the development of subsidiary occupations.

The appendices to the report contain valuable information dealing with many important problems. Notes on the Debt Redemption Schemes *in Bhavanagar* and the North-West Frontier Province, extracts from letters received from Registrars of Co-operative Societies on the subject of liquidation and the extracts from the Maclagan Committee and Myrick's book on *Federal Farm Loans System*, besides notes submitted by the departmental heads, all afford interesting and useful reading to all interested in the growth of the Co-operative Movement. Travancore should be congratulated in securing Mr. Devadhar's services for he has not spared himself not only to study the problem in every aspect but has travelled far and wide to study institutions in order to secure remedies for the problems which confront Travancore. It is a valuable report and no student of co operation should fail to possess a copy of the same. It is earnestly hoped that the Government of His Highness the Maharaja, which has already shown utmost solicitude to the agriculturists by declaring a kind of moratorium in regard to debts of agriculturists, will give careful consideration to the recommendations of the Committee and will not hesitate to give effect to them without caring for the cost involved as the growth of the co-operative movement

is in the interests of the economic progress of the State. Money spent on such a laudable object is well spent. His Highness is sure to earn the gratitude of his loyal subjects for the blessings of economic progress which it will be his privilege to confer on his subjects.

R. S. R.

FOOD.

By Col. McCarrison

(Translated into Tamil by Mr. N. S. Sivasubramanyam, M. A., Published by the Tamil Nadu Co-operative Federation)
Price Annas Eight.

Col. McCarrison's book Food is well-known and it has been well received. He has rendered valuable service to the public by his publication. The original which is written in English will certainly serve a more useful purpose, if the large number of people who do not know English be given an opportunity to acquaint themselves with the essential facts about food. The book before us which is a translation of the original in Tamil is thus a timely and useful publication.

As was pointed out by Col. McCarrison himself in the preface, the problem of food is a serious one with many people. It is admitted that good and nutritious food is not within the easy reach of a large number of people. Even those who can afford are in most cases ignorant of the food value of the various food-stuffs they consume day after day and very often good use is not made of the available materials. The book gives in simple Tamil useful information, regarding the nature of the several food materials and the manner in which one can select a proper and nutritive *menu* that will promote good health. The food value of milk, vegetables, fruits and nuts is clearly described and the defects in cooking which lead to the wastage of minerals and vitamins are explained. The importance of vitamins in regard to growth and resistance to disease is emphasised and suggestions are given for the adoption of a suitable whole some diet. The several kinds of food-materials such as grains, pulses etc., are dealt with clearly and their characteristics are also pointed out. The information that is given is based on actual investigations made by Col. McCarrison and will therefore prove very useful to the public. The tables at the end of the book which furnish details regarding the percentage of proteins etc., in the food stuffs used by the people and the presence or otherwise of different kinds of vitamins will serve a good purpose and anyone who is keen on maintaining his health can easily make his own choice. The Federation deserves to be congratulated on its having succeeded in bringing out a neat book in Tamil so useful to the public.

M. S. Sabhesan.

Audit Fees—Scale of Fees.

In virtue of the powers conferred on him by rule XI of the rules issued by the Local Government under Madras Co-operative Societies Act VI of 1932, the Registrar hereby fixes, with the previous approval of Government, the following scale of fees payable by societies towards the cost of their audit :—

(1) Scale for primary credit societies other than land mortgage banks—This will be calculated on the working capital as it was on the last day of the Co-operative year previous to the one in which the fees are levied as follows :—

Eight annas per Rs. 100 of the working capital for the first Rs. 50,000 or part thereof ;

Six annas per Rs. 100 for the next Rs. 50,000 or part thereof ;

Four annas per Rs. 100 for the next Rs. 1,00,000 or part thereof ;

Three annas per Rs. 100 for the next Rs. 1,00,000 or part thereof ;

Two annas per Rs. 100 for the next Rs. 1,00,000 or part thereof ;

One anna per Rs. 100 for the next Rs. 1,00,000 and above or part thereof.

Working capital will for the purpose of this rule include—

(1) Paid-up share capital ;
(2) Deposits and loans from individuals and institutions ;
(3) Deposits and loans from other co-operative societies ;
(4) Loans from Government ; and
(5) Reserve fund.

(2) Scale for purchase, purchase and sale, production, production and sale societies.

This will be calculated on the value of purchases, sales or articles or goods produced, as the case may be, in the co-operative year previous to the one in which the fees are levied.

One fourth per cent on the value of goods purchased, sold or produced.

(3) Scale for building societies—These societies will be exempt from the payment of any fee for a period of three co-operative years from the date of starting. After such period they will be levied fees at a flat rate of two annas per cent on their working capital as it was on the last day of the co-operative year previous to the one in which fees are levied.

(4) Scale for printing presses, hostel societies and other miscellaneous classes of societies—Five per cent on gross income in the co-operative year previous to the one in which the fees are levied.

(5) Scale for the Provincial Bank, Central Banks, Central Land Mortgage Bank and Primary Land Mortgage Banks—This will be calculated on the working capital as it was on the last day of the co-operative year previous to the one in which fees are levied as follows:—

Up to 5 lakhs—Twelve annas per Rs. 1,000 of working capital.

Over 5 lakhs up to 15 lakhs—Six annas per Rs. 1,000 of working capital.

Over 15 lakhs up to 30 lakhs—Three annas per Rs. 1,000 of working capital.

Over 30 lakhs—Two annas per Rs. 1,000 of working capital.

The Central Land Mortgage Bank and the Primary Land Mortgage Banks will be exempt from the payment of any fees for a period of three co-operative years from the date of starting.

K. DEIVASIKHAMANI,

Madras, 10th May 1935. *Joint Registrar of Co-operative Societies.*

List of Societies registered during the month of May 1935.

Name of the Society.	District.
The Pallikonda Weavers' purchase and sale society...	North Arcot.
Thirupanangadu Button Manufacturers' Co-operative Production and Sale Society	
Kenthorai Co-operative Credit Society	Ootacamund.
The Gudivada Christian Co-operative Society, Ltd....	Kistna.
The Golden Rock Co-operative Thrift and Loan Society, Ltd....	Trichinopoly.
Yesanai Co-operative Credit Society	"
The Koyampalli weavers' Co-operative Society, Ltd....	"
The Kollengode Raja's High School Students Co-operative Stores, Ltd., Kollengode	Malabar.
Salem Bodinayakkanpatti Co-operative Society ...	Salem.
The Shevaroy Hills Coffee Planters' Co-operative Credit Society, Ltd.	"
The Penugonda Co-operative Loan & Sale Society, Ltd.	West Godavari.
The Narasapur Co-operative Urban Bank, Ltd. ...	

List of Societies whose Registration has been cancelled during the Month of May 1935.

	Name of the Society.	Name of District.	Date of cancellation.
1.	Kistna Co-operative building Society	Kistna	3-5-35.
2.	Sivapuram C.S.	Cuddappah	4 5-35.
3.	Kothapet Oruganti Reddi Tenants' C.S. ...	Guntur	"
4.	Madura-Ramnad District Co-operative Federation ...	Madura	10-5-35.
5.	Thiruvenkaranai C.S. ...	Chingleput	11-5-35.
6.	Puliambatti C.S. ...	North Arcot	"
7.	Malabar District Co-operative Federation	Malabar	13-5-35.
8.	Athukudy C.S.	Tinnevelly	14-5-35.
9.	Kistna District Co-operative Federation	Kistna	17-5-35.
10.	Ungutur C.S.	West Godavari	"
11.	Maddikara Panchama C. S....	Kurnool	"
12.	Minagallu C.S.	Nellore	"
13.	Arasakulam C.S. ...	Ramnad	"
14.	Mayanoor F.L.C.S. ...	Trichinopoly	21-5-35.
15.	Siddarampuram C.S. ...	Anantapur	23-5-35.
16.	Pathukottai F.L.C.S. ...	Trichinopoly	"
17.	Kuduru C.S.	Anantapur	25-5-35.
18.	Cuddapah District Co-operative Federation, Ltd. ...	Cuddappah	26-5-35.
19.	Chathangottupuram C.S. ...	Malabar	"
20.	Periapatti C.S.	Coimbatore	"
21.	Bukkapatnam L.C. Union ...	Anantapur	28-5-35.
22.	Punnayurkulam C.S. ...	Malabar	30-5-35.
23.	Samadhanapuram Tenants C.S.	Guntur	"
24.	Avanashi Seed Society ...	Coimbatore	31-5-35.
25.	Naduvasal Adi Dravida C.S.	Trichinopoly	1-5-35
26.	Emur F.L.C.S.		"
27.	Pudupalayam Chucklers C.S.		"
28.	Vengodi C.S.	Malabar	"
29.	Vempalli F.LC.S. ...	Cuddappah	"
30.	Hospet L.C. Union ...	Bellary	2-5-35

News and Notes.

The ninth annual conference of the co-operative societies of Trivandrum taluk was held in June last at Trivandrum with Mr. Changanacherry Parameswaran Pillai as President.

*   *   *

A conference of the co-operators of the Udipi taluk was held in June last at Udipi in South Canara District and it was presided over by Mr. M. Sivarao, President of the South Canara Co-operative Central Bank. A stock taking of the working of the co-operative societies was done and a plan for making dormant societies to work was decided upon. The question of financing standing sugar cane crops was also considered and the Deputy Registrar who was present on the occasion promised to enquire into the possibilities of it.

The Graduates Co-operative Society, Ltd., Mysore held a public meeting in June last in the hall of the Mysore Co-operative Bank, when the portraits of Mr. N. S. Subbarao, M.A., the first President of the Society, Mr. S. Gopalaswamy, M.A., and the late Mr. K. S. Subbarao, B.A., L.L.B., (the society's first secretaries) were unveiled by Rajamantrapravina S. P. Rajagopalachari. The chairman in his introductory remarks paid a tribute to the Society for having helped the graduates in these days of economic depression and un-employment.

*   *   *

Sir Frederic Sykes the Ex. Governor of Bombay wrote recently in an article entitled *India's needs* in the *Daily Telegraph* as follows:

Our old policy of non-interference with the customs and habits of the people must be modified. We must start with the social and economic life of the villages, wage a campaign against the inefficiency of rural life, particularly against wasteful and uneconomic methods of agriculture and effect gradual elimination of undersized useless cattle and improvement of insanitary conditions. Villages must be cleared of cactus and other vermin-harbouring growths, water supply improved and stagnant pools drained or treated. Magic lantern lectures, cinemas, gramophone and broadcasting should be developed for mass education, as all these help to raise the standard of living.

*   *   *

We note with regret the demise of Mr. A. Radhakrishna Iyer last month at Pudukottah. He held important positions in the various departments of the State such as that of the controller of accounts and the Registrar of Co-operative Societies. He was the founder of the Pudukottah Co-operative Central Bank. Even after retiring from service he took a keen interest in the co-operative movement in the State and particularly in the affairs of the Central Co-operative Bank.

*   *   *

Bombay co-operators entertained Sir M. Ramachandra Rao, when he was recently at Bombay in connection with the meeting of the Directors of the Reserve Bank of India. The learned guest explained to the gathering the working of the Madras Co-operative Land Mortgage Bank. The President of the Bombay Stock Exchange

had a talk with him regarding the Debentures of the Central Land Mortgage Bank being put on the Bombay Share Market. The South Indians of Bombay also congratulated Sir M. Ramachandra Rao on the recent honour of a Knighthood being conferred on him.

* * *

The Punjab Government have decided to spend a part of the Government of India's rural uplift grant on fitting up an itinerant cinema and on erecting broadcasting receivers in some forty villages around Delhi. The real aspect of the uplift work will centre round education and the enlightenment of women, as it is believed that through the education of women, uplift could be brought about in a generation or two.

* * *

While the schemes of other Local Governments for the expenditure of the special grant for Rural Uplift have been published, that of the Government of Madras has not been allowed to see the light of day. The *Hindu* condemns this attitude of our Local Government and suggests that the scheme should be placed before the Legislative Council for approval. This course is no doubt not required by the conditions of the grant or by law. But it would be a decided advantage to have the backing of the legislature for the scheme, as later on, it may have to be worked with local funds alone for which the vote of the Council is necessary. Perhaps even now it is not too late to do so.

* * *

Speaking on rural indebtedness under the auspices of the Nellore Progressive Union Dr. B. V. Narayanaswami Naidu, Professor of Economics, Annamalai University, suggested the appointment of Debt Conciliation Boards, the abolition of compound interest and the fixing of the rate of interest at 9 per cent on secured debts and at 12 per cent on unsecured debts. He also pleaded for the widening of the scope of the Land Mortgage Banks and requested the Government to advance large sums of money to the ryots under the Takkavi Loans Act and the Land Improvement Act. Mr. M. Venkatarangiah, Reader in Economics, Andhra University, who presided on the occasion observed in his concluding remarks that the ryots would not be in a position to repay the loans fully even at a lower rate of interest and that the problem of rural indebtedness could be solved only if the provinces were bold enough to adopt the example of the United States.

* * *

The sixth conference of the Co-operators of Kunnatnad was held in the first week of June last at Alwaye under the auspices of the Perumpavoor Co-operative Union and it was presided over by Mr. R. A. Gayatrinatha Iyer, Retired Registrar of Co-operative Societies, Cochin State. Mr. Govinda Pillai, Registrar of Co-operative Societies, Travancore, delivered the opening address in Malayalam in which he observed that propaganda was essential for the success of the movement. He deprecated the policy pursued in several societies in the matter of issuing loans and said that it was greatly responsible for the set back of the movement. Mr. Gayathrinatha Iyer in the course of his presidential address said that the co-operative movement in the West was the outcome of practical necessity. But in India, he observed, the movement was started by Government. He regretted that very few co-operators put into practice the conclusions arrived at the conferences.

Extracts.

SPREAD OF CO-OPERATION IN THE WORLD

By Prof. V. Totomianz, *Sofia, Bulgaria.*

There is much talk lately about the complaints of the merchants and capitalists, who are, it seems, afraid of the growth of the co-operative consumers' societies in the cities. This can be seen first from the statistics which show us that the number of middlemen did nowhere diminish, and secondly from the small percentage of the co-operatisation of commerce; this percentage is for Germany only 3. There are countries, as for example Russia, where about three-fourths of commerce are co-operatised, but there it was due to the help of the State which destroyed private commerce.

It was only in Finland that the co-operative consumers' societies, by natural and slow evolution attained a position whereby the two biggest co-operative wholesale societies have in hand about half the commerce of the country. This has forced the private shop-keepers themselves to organize their purchases co-operatively.

But in Finland itself co-operatisation of agriculture has made more progress, as 80 per cent of the butter production is done by the co-operative creameries.

Co-operatisation has developed not so much in cities, but in the country, were capitalism is not so strong and where dominate men of small property and production. The first place in this respect belongs to Denmark, where more than 90 per cent of butter is made in co-operative creameries. 70 per cent of the meat production and 50 per cent of egg export are co-operatised. 80 per cent of the goods needed for agriculture are purchased through various co-operative societies. The co-operatively produced milk and meat products comprise three fourths of the whole Danish export.

Nearly the whole better production in Ireland is now co-operatised with the help of the Government, who bought the private creameries suffering under the crisis.

In Czechoslovakia all the villages in Bohemia are supplied by electrical co-operative societies with light and power, and also half of the succory production is in the hands of agricultural co-operative societies.

Three per cent of the corn export in Hungary is done co-operatively.

In Italy 25 per cent of the fertilizer production is in the hands of agricultural co-operative societies.

In Holland 50 per cent of the butter and cheese production and 70 per cent of sugar-beat-root production are co-operatised.

In Switzerland 90 per cent of milk products are sold through peasant co-operative organisations. The same organisations supply 32 per cent of fertilizers and 19 per cent of forage.

In Bulgaria 60 per cent of assuration and 25 per cent of credit is co-operatised.

If we turn our attention to the non-European countries, we have to speak in the first place about the United States of America, where 60 per cent of corn, 60 per cent of tobacco, 40 per cent of fruits and vegetables and 28 per cent of milk products are sold through co-operative societies. Especially in California, nearly the whole commerce in oranges, lemons and apples is co-operatised. Those fruits are sold not only in the U.S.A., but are also exported abroad. There is also a co-operative fruit exchange.

Canada, which produces one third of the whole world's wheat, exports two thirds through her co-operative organisation, which owns silos, railways and ships.

Notwithstanding the above described progress of co-operatisation in the countries, there is still much left to be done to keep the peasant in the villages and so hinder the further growth of large cities, which are the centres of slums, unemployment, discontent and trouble. And this is holding the whole industrial Europe in a revolutionary tension. This is the reason why the pacific influence of co-operation must be strengthened.

The Indian Co-operative Review.

CONSUMERS' CO-OPERATION IN INDIA

By Mr. K. C. Ramakrishnan, M.A.,

Economics Department University of Madras.

The South Indian's Record.

It is the South Indian who is said to be more critical than constructive that seems to have a greater reputation for running stores, though their turnover is by no means comparable to that of famous stores abroad. The small States of Cochin and Pudukottah have about 10 stores each with transactions of over a lakh. Travancore has more than a dozen stores, though half the business is done by the one at the capital city, Trivandrum, with sales to the extent of Rs. 1 lakh annually. It has a fine building of its own and a few branches; its guiding spirit was an enthusiastic member of the T. U. C. S. Mysore State has, next to Madras, the largest number of stores and volume of transactions. There are about 90 in all with sales amounting to about Rs. 14 lakhs per year. Several of them have banking as a side-line, while 25 urban banks have stores as a side-line. Sales are effected for credit as well as for cash and some things besides groceries are stocked which are additional attractions that Madras stores do not offer. Mysore City has 3 societies with a membership of about 5,000, while Bangalore City has 7 with a membership of 6,000.* These two cities are therefore as important as Madras in the total number of members they have each attracted, though the

* Y. Srinivasaiya in *The Bombay Co-operative Quarterly*, December 1934.

transactions are smaller. In fact, the Mysore State for its area and population has a greater development of consumers' co-operation than any other province or State in India.

Madras Presidency had in 1933-34 as many as 150 stores but of these 89 were college or school stores selling books and stationery for Rs. 89,000. The stores proper were 61 in number with sales for Rs. 27 lakhs but of these 8 lakhs were of the T. U. C. S., whose sales exceed those of all the stores put together in any other province or State except Mysore. Outside the city of Madras, however, there are only a few stores of any considerable size and these are located in Coimbatore, Madura, Salem and Trichinopoly. In the smaller towns it is no doubt difficult to find a large salaried class of people or others with steady income, prepared to pay cash all through the year. Besides several staple commodities produced in the neighbourhood can be bought at the threshing-floor or at the market place in the season of abundance after harvest. Whether their other requirements call for a co-operative store is perhaps debatable unless a very large number is brought within the fold. Even in the larger towns, the success of stores is said to be not a little due to the large and steady custom of hostels and *devasthanams*. We are not convinced however that a fair trial was ever given and enough propaganda done.

South Indians have a reputation, such as it is, for organising and managing stores not only in their homeland but also in some of the great cities to which they have migrated in West and North India, e.g., Bombay, Karachi, Delhi, Simla, Nagpur, Calcutta and Rangoon. Here are some tributes paid by Registrars of provinces where South Indian stores have been almost solitary successes. The Registrar of the Punjab in 1933 spoke of the 'Madras Club' in Simla, one of the two successful societies in the province as 'another well-managed and successful society, which deals on a strictly cash basis in a wide variety of household requirements' and added 'the Madrasi is particularly successful with societies of this type.'* Of the South Indian Consumers' Society at Matunga, Bombay, successive Registrars have spoken highly. 'Members are very loyal, there are competent honorary workers on the Committee' (1930). In 1932, the Registrar wrote of the Society "......run on lines similar to the Triplicane Stores,...owes its success to the vigilance and zeal of the office-bearers."† Success is perhaps partly due to the members being residents in a new suburban colony living in a small and compact area with strong communal ties and not tempted by the *Dhanewala* (provision dealer) who is ubiquitous in the city. It is open to other colonists to make similar attempts.‡

The Indian Co-operative Review.

* Annual Report, The Punjab, 1932-33, P. 44.

† Annual Report, Bombay 1931-32, P. 22.

‡ H. L. Kaji, *Co-operation in Bombay*. P. 205.

International Co-operative Alliance.

The following resolution has been recommended by the International Co-operative Alliance for adoption by Co-operators in various countries on 6th July 1935 which is celebrated in many countries as the Thirteenth International Co-operative Day.

RESOLUTION.

(To be adopted at all Demonstrations and Meetings on Co-operative Day.)

On the Thirteenth International Co-operative Day 100 million consumers of the world, organised in the ranks of the International Co-operative Alliance, re-affirm their unquenchable faith in the Principles which lie at the base of their Movement and constitute its Ideals.

That its ranks should be open to all without hindrance of race, nationality, colour, or creed is the elementary requirement and proof of its genuine character; that its control should be autonomous and its development unfettered, is of the essence of its existence; that it should substitute service to the community for the profit of the individual is at once the keystone of its economic organisation and its crowning virtue.

Co-operators hail with confidence the indisputable superiority of their economic methods, as demonstrated in the manner in which they have withstood the series of crises which have shattered the economic life during the past decade. They declare their conviction that the return of prosperity to mankind can be appreciably hastened, and definitely maintained, by the general application of the Principles of our Co-operative Movement.

Co-operation Universal implies, and imposes, the removal of the many barriers to free intercourse between nations and people which have been set up, especially since the war, with such disastrous effect upon the unity and solidarity of the international family.

The co-operators of the world unite in proclaiming their will for peace, and their demand for its accomplishment as the only reasonable basis of a civilised existence and the well-being of humanity.

P. C. U. Examination Results.

List of Candidates who passed in the Co-operative Training Examination held in April, 1935, by the Provincial Co-operative Union, Madras.

VELLORE CENTRE.

Five Months Course

Regist No.	Name.	Regist No.	Name.
747	Annamalai, V. D.	766	Natarajan, V. B.
748	Badsha, M. A.	769	Poovan, V. M.
749	Balakrishnan, V.	770	Punniamoorthy, D.
750	Balasundaram, T. K.	771	Louis Rajaratnam.
751	Gopalakrishna Moorthy, A	772	Ramanatha Mudaly, K. S.
759	Loganathan, G.	776	Saravanam, A.
760	Loganathan, V. K.	777	Shunmugasundaram, A.
762	Munuswamy, B. C.	781	Subramaniam, S.
763	Munuswamy, M.	784	Sundaram, L.
764	Nagarajan, K	785	Swaminathan, V. K.

787 Venkateswarlu. T. R.

Old Five Months Course.

RAJAHMUNDRY CENTRE.

823 Tarinayya, V. Passed in Co-operation only.

TANJORE CENTRE.

825 Nallaperumal, S. Passed in Banking, Book-Keeping and Auditing.

Nine Months Course.

(*Supplementary Candidates*).

ANANTAPURE CENTRE.

Passed in Part II and Completed.

790 Dakshinamoorty, H.

BEZWADA CENTRE.

Passed in Part I and Completed.

Register No.	Name.
793	Sobhanachalapati Rao, Y.

COIMBATORE CENTRE.

Second Class.

795 Nagaraja Rao, S. K.

Passed in Part I and Completed.

796 Ramakutty Menon, V.
798 Subbarathnam, S. S.

RAJAHMUNDRY CENTRE.

Second Class.

800 Visvanadham, K.
801 Satyanarayana, T.

Passed in Part I and Completed.

802 Suryanarayanamurty, K.

Passed in Part II and Completed

803 Suryanarayanamurti, B. H.
804 Narayanamurty, P.
805 Nagabushanam, K. V.

TANJORE CENTRE.

Second Class.

809 Muthiah Subbayya Nadar.

Passed in Part I and Completed.

812 Kunchitapadam, N. S.
813 Raghavachari, K.
814 Ramanujam, V.
816 Veeraraghavan, G. S.
817 Vedanta Ramanujachari, K.

VELLORE CENTRE.

Passed in Part I and Completed.

820 Subramanyam, M. V.